## OPENING REMARKS OF COMMISSIONER AJIT PAI AT THE TELECOMMUNICATIONS & E-COMMERCE COMMITTEE ROUNDTABLE OF THE U.S. CHAMBER OF COMMERCE

## WASHINGTON, DC

## **SEPTEMBER 14, 2012**

I want to thank the U.S. Chamber of Commerce for organizing this roundtable discussion on job creation and economic growth in the communications industry. As you celebrate your 100th anniversary, the Chamber's voice has never been more vital than it is today, speaking out on behalf of policies to promote entrepreneurship and American competitiveness. I also want to thank the Chamber's members for participating in today's event.

You don't need me to tell you that our nation's economy is struggling. Your companies deal with that reality every day. Our growth rate has been anemic, and in the last two months alone, over half-a-million Americans have exited the labor force. The information and communications technology (ICT) sector has the potential to lead the way to a strong recovery. But that sector is not doing as well as it should be. Right now, according to the Labor Department, there are fewer Americans working in the ICT sector than there were in June 1989, a time before the advent of the Internet and the ubiquity of smartphones and other mobile devices. Over the past three-and-a-half years, the United States has lost 165,000 telecommunications jobs, over fifteen percent of the industry's workforce.

In order to figure out what is responsible for these trends, I have been meeting with those in the private sector who decide whether to invest their capital and to create jobs. When I've asked what's holding them back, why they aren't investing the billions of dollars sitting on their balance sheets, I have heard a similar answer over and over again in one form or another: regulatory uncertainty. This afternoon, I want to hear your views on what the FCC can do to create a favorable regulatory environment that will encourage investment and unleash innovation in the ICT sector. But let me start by sharing a few thoughts.

First, in order to promote job creation and economic growth, I believe that the FCC needs to remove barriers to infrastructure investment. The communications industry is in the midst of revolutionary change, and we need to be preparing for what I would call an Internet transformation in America. We can no longer afford to cling to outdated regulatory approaches. Many of our rules were developed for copper-wire networks that were operated by monopoly providers. Today, we have to embrace a modern framework that facilitates investment in next-generation networks and recognizes that we are quickly headed to a competitive, all-IP world.

This is why I strongly disagreed with the Commission's recent decision to suspend our longstanding, bipartisan pricing flexibility framework governing special access services. Marching back down the road of re-regulation sends precisely the wrong message to the private sector. Companies are understandably worried that the Commission's ultimate target will be fiber. Their concerns will only discourage infrastructure investment and delay the IP transition that will improve our global competitiveness. The Commission's action is all the more unfortunate because we badly need additional investment in this area. Studies estimate that every billion dollars the private sector spends on fiber deployment creates between 15,000 and 20,000 new jobs.

Aside from removing barriers to infrastructure investment at the federal level, we should also do the same at the state and local level. I just returned from Kansas City, where I visited the new Google Fiber project. Over 1,100 towns and cities competed to be Google's test site. Kansas City won only after it streamlined its rights-of-way management policies and made upfront commitments to expedite and simplify its permitting processes. But it shouldn't take a nationwide competition to cut through the endless maze of regulation that delays and deters companies from upgrading broadband networks or deploying new infrastructure. To cite just one egregious example, it shouldn't take years for AT&T to bring U-verse to the City of San Francisco. Instead, government should encourage the private sector's efforts through broadband-friendly infrastructure deployment policies.

Second, I believe the FCC needs to accelerate its efforts to make additional spectrum available for mobile broadband. The Commission has fallen behind schedule in meeting the goals set forth in the National Broadband Plan. The Plan called for freeing up 300 MHz of additional spectrum for wireless broadband use by 2015, and 500 MHz by 2020. But so far, in the two-and-a-half years since the Plan was released, we haven't made *any* additional spectrum available for wireless broadband use.

This omission has serious consequences for the broader economy because of the link between spectrum policy and job creation. According to a recent study, a more rapid rollout of 4G wireless technology in the United States could yield \$28 billion in additional capital investment and create up to 400,000 American jobs by 2016.

I would like to thank the Chamber for speaking out on this issue. Earlier this year, the Chamber urged the Commission to adopt service, technical, and licensing rules by the end of September so that 40 MHz of AWS-4 spectrum can be used for terrestrial mobile broadband. I made the same request. Unfortunately, I see no realistic prospect that the Commission will act this month. But it is important for the Chamber to remain engaged. I know that the diligent Commission staff is working hard on the AWS-4 proceeding, and I am optimistic that we can adopt final rules in October if we make it a priority.

Another important avenue for addressing the spectrum crunch is through the use of incentive auctions. I therefore applaud Chairman Genachowski for scheduling a vote later this month on a proposal to kick off the implementation of the incentive auction legislation. I am carefully studying the proposal and look forward to working with my colleagues to reach a result that is fair to all stakeholders. In my view, one thing that the proposal must include is a schedule detailing when the Commission intends to take the steps necessary to complete the rulemaking process and to hold the incentive auctions. Most importantly, I believe that we should set a target date of June 30, 2014 for completing the auctions.

Third, I believe that the FCC must be as nimble as the industry we oversee so that we do not stand in the way of innovation, investment, and job creation. To overcome bureaucratic inertia, entrepreneurs need an ally and an advocate at the FCC. That's why I have proposed that the Commission create an Office of Entrepreneurial Innovation (OEI). This can be done without enlarging the federal bureaucracy by repurposing the Office of Strategic Planning and Policy Analysis. OEI would assess agency proposals to ensure that new regulations don't slow down innovation. In addition, OEI would focus on breathing life into Section 7 of the Communications Act, which directs the Commission to act on any proposal for a new technology or service within one year.

But it is not only new technologies and services that need FCC approval. Being nimble means taking deadlines seriously, starting with reviewing major transactions within 180 days. We should codify that deadline in our rules. Furthermore, license renewal requests should not languish for years; they must be handled in a prompt manner to provide certainty to businesses.

In order to reduce uncertainty, we also should act quickly to clarify ambiguous statutes or regulations. Businesses deserve to know the rules of the road. They shouldn't be left to guess where their legal obligations start and stop. Take, for example, ambiguities in the Telephone Consumer Protection Act. Because our regulations aren't clear about what's prohibited and what's allowed, companies are facing class-action lawsuits for innocuous conduct such as making group-texting easier or confirming that a consumer has opted out of receiving future messages. And the threat of litigation has deterred companies from engaging in common-sense communications with customers, like confirming that a package is scheduled for delivery. These ambiguities serve the interests of trial lawyers, not consumers, and certainly not companies trying to meet their customers' needs. I want companies to spend their time innovating, not litigating, and the Commission should aim to reduce lawsuit abuse.

These three principles—removing barriers to infrastructure investment, bringing more spectrum into the mobile marketplace, and acting with dispatch—encompass some of my ideas on what the FCC should be doing to spur job creation and economic growth in the ICT sector. If we implement the right policies here in Washington, I am confident that a dynamic communications industry can be at the forefront of a robust economic recovery that will create millions of jobs and raise the American people's standard of living. I look forward to hearing your suggestions this afternoon on how we can make this happen.